

Memorandum

To: Panel Members Date: June 26, 2003

From: Charles Lundberg, Manager Analyst: S. Joyce
Peter DeMauro, General Counsel

Subject: One-Step Agreement for **Diamond Well Drilling Company** <100

CONTRACTOR:

- Training Project Profile: Retraining: Companies with Out-of-State Competition
- Legislative Priorities: Developed Jointly by Management and Workers
Moving to a High Performance Workplace
- Type of Industry: Construction
- Repeat Contractor: No
- Contractor's Full Time Employees:
 - Company Wide: 26
 - In California: 26
- Fringe Benefits: Yes
- Union Representation: No
- Name and Local Number of Union representing workers to be Trained: None of the employees are represented by collective bargaining agreement.

CONTRACT:

- Program Costs: \$52,440
- Substantial Contribution: \$0
- Total ETP Funding: \$52,440
- In-Kind Contribution: \$34,567
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Placer
- Duration of Agreement: 24 Months

SUBCONTRACTORS:

Environmental Safety Training Professionals, Rancho Cordova, California, \$5,000 for Hazardous Materials Handling training.

THIRD PARTY SERVICES:

None.

NARRATIVE:

Diamond Well Drilling Company is eligible for ETP funding under Title 22, California Code of Regulations, Section 4416(a)(4) as a provider of a service in California in competition with providers of the same service who are located outside the state. Competitors are located in southern Oregon and western Nevada.

Diamond Well Drilling Company was established in 1978 and purchased by the current owners as a limited partnership in 1980. The company originally drilled domestic water wells in Placer, El Dorado and Nevada counties. In the mid-80's, Diamond Well Drilling expanded into commercial and monitoring well drilling; pump installation, sales and service, as well as potability testing of well water. The company also drills wells in difficult geological formations where special drilling techniques are needed.

Diamond Well Drilling's customer base includes homeowners, new homebuyers, real estate companies, subdivision developers, golf course developers and environmental monitoring consultants. The company drills wells, installs and services pumps, and performs water quality tests for these customers. Diamond Well reports this work requires it to use very technical drilling and testing equipment. The majority of the work sites are in areas where the water is deeper underground and the formations are difficult to drill.

To continue competing for business in this market, Diamond Well Drilling employees must receive drill and pump equipment operation skills training. Training in installation, troubleshooting and repair of pump equipment are also necessary to reduce rework and increase customer satisfaction.

Office and lab staff are exposed to advancing computer technology that requires constant training to upgrade their skills. State and federal reporting requirements also require new types of record keeping that call for new databases and new systems that use Excel, Access, PowerPoint and Microsoft Word. Internal staff will provide some training and some will be provided by training agencies yet to be determined.

Business Skills training will be given to bookkeepers and administrative assistants. This training will offer information about new office processes, customer service skills, data base management and effective communication, both verbally and in writing. The training will give staff the tools to increase office efficiency and communication skills.

Commercial Skills training will be offered to pump mechanics, drillers, driller helpers and pump assistants.

NARRATIVE: (continued)

The new equipment purchased by Diamond Well Drilling requires that operators have more technical skills than were needed to operate older machinery. This training will bring each occupation to an equal skill level and allow them professional growth and an opportunity for career advancement.

Computer Skills training will be offered to the lab technician, bookkeepers and administrative assistants. Training in record keeping, accounting, internal and external communication, new databases will be offered to trainees. The lab technician is the system analyst for Diamond Well Drilling and will receive Novell and Microsoft network training. The training will enable trainees to access on-line information, communicate electronically, and use the new technology available at Diamond Well Drilling.

Hazardous Material (HazMat) training will be given to drillers, driller helpers, pump mechanics and pump assistants. HazMat clean up and removal training is necessary for well drillers and helpers working in remote areas since no HazMat clean up teams are readily available if an accident occurs. Trainees will receive 40 hours of training to obtain certification and be qualified to safely remove the drilling debris from the work areas and preserve the environment. The Contractor is aware that refresher training does not qualify for ETP funding.

Diamond Well Drilling plans to incorporate some team building, problem solving and decision-making skills into the Commercial Skills training.

Supplemental Nature of Training

Training has always been an integral part of the Diamond Well Drilling business plan. Past training was done by vendors and professional trainers on an as-needed basis. The training plan in this proposal is very broad in scope and will be received by eligible employees giving them the skills to advance within the company.

Basic office skills have been taught in the past, but with evolving technology, this is the first time training in the planned topics will be given. Diamond Well Drilling management states that the training included in this proposal would not occur without financial assistance from ETP. As a small company, Diamond Well Drilling lacks the financial strength to offer this training to employees while paying employee wages.

In-Kind Contribution

Diamond Well Drilling will pay wages and employer paid health benefits of \$34,567 to trainees while they are in training.

COMMENTS:

Frontline Workers

According to the Contractor, all trainees in this Agreement are frontline workers, as defined under Title 22 California Code of Regulations, Section 4400(ee).

COMMENTS: (continued)

Request for Waiver of 200-Hour Cap

Diamond Well Drilling requests ETP approval for 10 trainees to receive a total of 215 hours of training at a cost of \$4,300 per trainee. The training plan is designed to ensure the trainees receive the in-depth and intense training needed to operate and maintain the new technologically advanced equipment that will be operated by Diamond Well Drilling. Staff recommends that the Panel waive its 200-hour cap.

Contractor agrees that during ETP-funded training hours, trainees will not produce or provide services that will ultimately be sold.

PROPOSED ACTION:

Staff recommends that the Panel approve the One-Step Agreement if funding is available and the project meets the Panel priorities. The recommendation is based on Diamond Well Drilling's stated need to provide its employees with the Business Skills, Commercial Skills, Continuous Improvement, and Computer Skills required to maintain its competitive edge, improve business processes, and increase its level of safety and customer satisfaction.

TRAINING PLAN:

Grp/Trainee Type	Types of Training	No. Retain	No. Class/Lab Videocnf. Hrs	No. CBT Hrs	No. SOST Hrs.	Cost per Trainee	Hourly Wage after 90 days
Jobs 1-4 Retrainees	Business Skills Commercial Skills Computer Skills Hazardous Material Handling	15	80-215	0	0	\$1,600 - \$4,300	*\$10.98 *\$17.00
						<u>Range of Hourly Wages</u> *\$10.98 - *\$17.00	
						<u>Prevalent Hourly Wage</u> *\$11.50	
						<u>Average Cost per Trainee</u> \$3,496	
<u>Health Benefit used to meet ETP minimum wage:</u> * Health benefits of at least \$1.10 per hour will be applied to the base wage in order to meet the ETP minimum hourly wage.					<u>Turnover Rate</u> 15%	<u>% of Mgrs & Supervisors to be trained:</u> 0%	

Menu Curriculum for Diamond Well Drilling Company

Class/Lab Hours: 80-215

Trainees will receive any of the following:

Business Skills

- Business Report Writing
- Written and Verbal Communication
- Customer Service
 - Complaints
 - Order Taking
- Payroll Systems
- Vendor Communication and Procurement
- Accounting Skills

Commercial Skills

- Engineering
 - Pump Installation
 - Pump Design
- Geology
- Well Construction
- Special driving Skills
- Business Terminology
- Equipment Operation
- Bit & Hammer Maintenance
- Rig Service Truck Maintenance
- Well Construction
- Drilling
- Dealing with Rig Turnover
- Troubleshooting and repair
- System Installation
- Well Installation

Computer Skills

- MicroSoft Word
- MicroSoft Excel
- MicroSoft Access
- KRS- Vehicle Maintenance and Well Log Software
- Accounting Software
- CAD/CAM Training
- Networking

Hazardous Materials Handling Skills (Job 1 only)

- Spills
- Waste Clean Up